



THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Financial Statements

August 31, 2023 and 2022

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
The Carter Center, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Carter Center, Inc. and its subsidiary (the Center), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Center as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
April 2, 2024

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

August 31, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 74,117,222	75,452,534
Accounts receivable:		
Due from conditional agreements	16,494,168	8,787,185
Other	<u>376,995</u>	<u>272,740</u>
Total accounts receivable	16,871,163	9,059,925
Contributions receivable, net (note 3)	510,351	230,163
Inventory (notes 4, 9, and 15)	6,331,911	4,387,783
Operating lease right-of-use assets (note 8)	780,337	—
Investments (notes 5, 7 and 10)	1,053,658,214	1,058,873,553
Property, plant, and equipment, net (note 6)	4,988,913	4,923,280
Artwork	2,436,465	2,435,365
Other assets	<u>401,565</u>	<u>33,286</u>
Total assets	\$ <u>1,160,096,141</u>	<u>1,155,395,889</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,350,439	9,932,820
Lease liabilities (note 8)	780,337	—
Deferred revenue	7,300,146	6,111,603
Annuity obligations (note 7)	<u>6,249,963</u>	<u>6,204,467</u>
Total liabilities	<u>25,680,885</u>	<u>22,248,890</u>
Net assets (note 11):		
Without donor restrictions	421,297,749	423,491,324
With donor restrictions	<u>713,117,507</u>	<u>709,655,675</u>
Total net assets	1,134,415,256	1,133,146,999
Commitments and contingencies (notes 7, 8, and 16)		
Total liabilities and net assets	\$ <u>1,160,096,141</u>	<u>1,155,395,889</u>

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year ended August 31, 2023
(with comparative totals for 2022)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
Revenue and support:				
Contributions and grants:				
Operating	\$ 37,336,091	—	37,336,091	44,139,241
Programs:				
Health	—	56,244,502	56,244,502	39,935,489
Peace	—	19,930,381	19,930,381	10,635,582
Cross-program	—	218,299	218,299	192,618
In-kind gifts (note 9):				
Health	—	265,344,619	265,344,619	193,676,160
Endowment	—	761,913	761,913	309,185
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions and grants	37,336,091	342,499,714	379,835,805	288,888,275
Endowment fund earnings	13,668,196	24,094,217	37,762,413	36,410,658
Appreciation of endowment investments, net	(1,867,622)	(3,988,508)	(5,856,130)	(120,004,340)
Facilities use income	298,790	—	298,790	252,509
Interest and investment income	1,429,387	142,256	1,571,643	31,566
Net assets released from restrictions:				
Health	339,357,891	(339,357,891)	—	—
Peace	19,567,120	(19,567,120)	—	—
Cross-program	360,836	(360,836)	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue and support	410,150,689	3,461,832	413,612,521	205,578,668
Expenses:				
Program:				
Health	349,226,880	—	349,226,880	261,125,289
Peace	35,492,107	—	35,492,107	26,900,511
Cross-program	807,977	—	807,977	1,843,904
Fundraising	12,368,890	—	12,368,890	11,610,169
General and administrative	14,448,410	—	14,448,410	11,788,052
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	412,344,264	—	412,344,264	313,267,925
Change in net assets	(2,193,575)	3,461,832	1,268,257	(107,689,257)
Net assets at beginning of year	423,491,324	709,655,675	1,133,146,999	1,240,836,256
Net assets at end of year	\$ <u>421,297,749</u>	<u>713,117,507</u>	<u>1,134,415,256</u>	<u>1,133,146,999</u>

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year ended August 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions and grants:			
Operating	\$ 44,139,241	—	44,139,241
Programs:			
Health	—	39,935,489	39,935,489
Peace	—	10,635,582	10,635,582
Cross-program	—	192,618	192,618
In-kind gifts (note 9):			
Health	—	193,676,160	193,676,160
Endowment	—	309,185	309,185
	<hr/>	<hr/>	<hr/>
Total contributions and grants	44,139,241	244,749,034	288,888,275
Endowment fund earnings	13,180,421	23,230,237	36,410,658
Appreciation of endowment investments, net	(44,187,191)	(75,817,149)	(120,004,340)
Facilities use income	252,509	—	252,509
Interest and investment income	31,566	—	31,566
Net assets released from restrictions:			
Health	251,788,694	(251,788,694)	—
Peace	16,190,835	(16,190,835)	—
Cross-program	673,887	(673,887)	—
	<hr/>	<hr/>	<hr/>
Total revenue and support	282,069,962	(76,491,294)	205,578,668
Expenses:			
Program:			
Health	261,125,289	—	261,125,289
Peace	26,900,511	—	26,900,511
Cross-program	1,843,904	—	1,843,904
Fundraising	11,610,169	—	11,610,169
General and administrative	11,788,052	—	11,788,052
	<hr/>	<hr/>	<hr/>
Total expenses	313,267,925	—	313,267,925
Change in net assets	(31,197,963)	(76,491,294)	(107,689,257)
Net assets at beginning of year	454,689,287	786,146,969	1,240,836,256
Net assets at end of year	\$ <u>423,491,324</u>	<u>709,655,675</u>	<u>1,133,146,999</u>

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year ended August 31, 2023
(With comparative totals for 2022)

	Program expenses			Supporting expenses		Total	
	Health	Peace	Cross-program	Fundraising	General and administrative	2023	2022
Salaries and benefits	\$ 27,381,133	13,694,736	268,277	5,100,390	7,735,225	54,179,761	48,528,747
Consulting	7,694,720	7,760,526	357,046	503,182	2,482,550	18,798,024	15,398,236
Communications	4,232,919	686,234	3,324	2,781,626	247,555	7,951,658	6,548,851
Services	2,950,443	932,666	5,273	1,613,514	463,830	5,965,726	3,372,665
Office and equipment	11,820,910	1,115,033	14,143	229,015	973,948	14,153,049	5,145,284
Vehicles	5,491,880	499,301	27	459	759	5,992,426	4,378,686
Travel/meetings	21,026,913	4,360,217	25,327	1,167,200	377,966	26,957,623	20,493,236
Interventions (note 2(l))	263,649,627	38,613	—	—	—	263,688,240	197,241,072
Other	1,499,418	620,953	3,640	445,482	1,293,037	3,862,530	3,388,780
Grants	2,867,953	5,336,120	100,000	—	—	8,304,073	6,523,516
	<u>348,615,916</u>	<u>35,044,399</u>	<u>777,057</u>	<u>11,840,868</u>	<u>13,574,870</u>	<u>409,853,110</u>	<u>311,019,073</u>
Common area and depreciation	<u>610,964</u>	<u>447,708</u>	<u>30,920</u>	<u>528,022</u>	<u>873,540</u>	<u>2,491,154</u>	<u>2,248,852</u>
Total expenses	<u>\$ 349,226,880</u>	<u>35,492,107</u>	<u>807,977</u>	<u>12,368,890</u>	<u>14,448,410</u>	<u>412,344,264</u>	<u>313,267,925</u>

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year ended August 31, 2022

	Program expenses			Supporting expenses		Total
	Health	Peace	Cross-program	Fundraising	General and administrative	
Salaries and benefits	\$ 25,163,228	12,271,525	226,777	4,757,418	6,109,799	48,528,747
Consulting	7,431,564	5,096,448	429,708	422,726	2,017,790	15,398,236
Communications	2,863,071	898,857	4,550	2,549,798	232,575	6,548,851
Services	252,997	807,028	2,508	1,822,813	487,319	3,372,665
Office and equipment	3,046,108	1,166,654	34,097	168,671	729,754	5,145,284
Vehicles	3,918,949	458,738	22	368	609	4,378,686
Travel/meetings	16,677,506	2,630,142	9,106	1,034,685	141,797	20,493,236
Interventions (note 2(l))	197,241,072	—	—	—	—	197,241,072
Other	1,321,847	406,321	3,753	377,025	1,279,834	3,388,780
Grants	2,657,408	2,760,638	1,105,470	—	—	6,523,516
	<u>260,573,750</u>	<u>26,496,351</u>	<u>1,815,991</u>	<u>11,133,504</u>	<u>10,999,477</u>	<u>311,019,073</u>
Common area and depreciation	551,539	404,160	27,913	476,665	788,575	2,248,852
Total expenses	<u>\$ 261,125,289</u>	<u>26,900,511</u>	<u>1,843,904</u>	<u>11,610,169</u>	<u>11,788,052</u>	<u>313,267,925</u>

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,268,257	(107,689,257)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	834,626	755,972
Appreciation of endowment investments, net	5,845,650	120,004,340
Appreciation of non-endowment investments, net	(23,554)	(32,866)
Donated artwork	(1,100)	—
Contributions restricted in perpetuity, net	(761,913)	(309,185)
Net change in inventory balances due to noncash contributions and distributions	(1,944,128)	(3,626,740)
Changes in operating assets and liabilities:		
Accounts receivable	(7,811,238)	(2,843,258)
Contributions receivable, net of donor endowment	(280,188)	57,356
Other assets	(368,279)	180,905
Accounts payable and accrued expenses, deferred revenue, and annuity obligations	3,482,426	4,760,920
Net cash provided by operating activities	<u>240,559</u>	<u>11,258,187</u>
Cash flows from investing activities:		
Purchase of property and equipment, net of related payables	(900,259)	(1,138,794)
Endowment fund earnings	(37,762,413)	(36,410,658)
Purchase of investments	(672,656)	(1,488,025)
Sale of investments	37,843,608	37,402,972
Net cash used in investing activities	<u>(1,491,720)</u>	<u>(1,634,505)</u>
Cash flows from financing activities:		
Contributions restricted in perpetuity, net	761,913	309,185
Payments on annuities and trusts	(846,064)	(764,432)
Net cash used in financing activities	<u>(84,151)</u>	<u>(455,247)</u>
Net change in cash and cash equivalents	(1,335,312)	9,168,435
Cash and cash equivalents at beginning of year	<u>75,452,534</u>	<u>66,284,099</u>
Cash and cash equivalents at end of year	\$ <u><u>74,117,222</u></u>	\$ <u><u>75,452,534</u></u>
Supplemental disclosures for cash flow information:		
Noncash investing activity – purchases of property and equipment in accounts payable	\$ 104,779	72,749

See accompanying notes to consolidated financial statements.

THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

(1) Organization and Operation

The Carter Center, Inc. (the Center), formerly known as Carter Presidential Library, Inc. and Carter Presidential Center, Inc., was organized on October 26, 1981 under the laws of the State of Georgia as a not-for-profit corporation to be operated exclusively for charitable and educational purposes.

The Center operates programmatically under two main action areas: Peace and Health. The Center also receives broad-based support deemed to be beneficial to all programs and categorized as Cross-program.

Initiatives in Peace include preventing and resolving conflict, protecting basic human rights, promoting rule of law, and monitoring elections in emerging democracies. The Health area strives to improve health in the United States and around the world. Initiatives include disease eradication and control and mental health reform. The Center operates field offices in various African, Asian, and Latin American countries, as needed, to fulfill its programmatic objectives.

The board of trustees (the Board) of the Center consists of President Carter and Mrs. Carter, the president of Emory University, 10 members appointed by Emory University's board of trustees, and 11 members appointed by President Carter and those trustees not appointed by Emory University's board of trustees (Carter Center class of the Center's trustees). Additionally, Emory University's board of trustees has the authority to approve amendments to the Center's articles of incorporation and bylaws. Carter Center of Emory University (CCEU) (an affiliate of CCI) is a department of Emory University that was established to assist with the operations of the Center's programs. The financial data for CCEU is not included in these consolidated financial statements as it is considered part of the Emory University reporting entity.

(2) Summary of Significant Accounting Policies and Other Matters

(a) Basis of Accounting

The consolidated financial statements of the Center have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

(b) Principles of Consolidation

The consolidated financial statements of the Center include the activity of The Carter Center Collaborative, Inc. (CCC), an affiliated tax-exempt not-for-profit corporation that supports the Center's mission through receipt of in-kind goods and services. All significant intercompany transactions are eliminated on consolidation.

(c) Basis of Presentation

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

(d) Cash and Cash Equivalents

The Center's cash and cash equivalents represent liquid financial instruments with an original maturity of three months or less that are not invested as part of the investment assets. These amounts, carried at cost, approximate fair value.

(e) Contributions

Contributions received are recognized as revenue when underlying assets or a donor's unconditional promise to give is received. Contributions are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Unconditional promises to give are discounted using interest rates approximating fair value at the date of the gift.

Contributions and grants are conditional if the donor agreement includes both a donor-imposed barrier that must be overcome and a right of return of funds (or a release of an obligation to transfer funds). Conditional contributions are recognized as revenue once the donor-imposed barrier is overcome (typically qualifying expenses being incurred) or when right of return of the contribution to the donor no longer exists, as specified in the terms and conditions of the donor-agreement.

(f) In-Kind Gifts

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Donated materials and supplies, primarily medical supplies, are reflected in the consolidated statements of activities as contributions at their estimated fair values. Donated services are reflected as contributions if the following criteria are met: (1) the services received create or enhance nonfinancial assets or (2) the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are recognized at fair value as the services are performed.

(g) Inventory

Inventory primarily consists of medication used by the Center to treat diseases that are the subject of the Center's health programs. Inventory is received as an in-kind-donation and is valued using the first in, first out method at fair value at the time of the gift. Values as determined by the donor and independent third-party pricing information are utilized in management's fair value estimate.

THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

(h) Investments

Investments in the pooled investment fund (the Fund) (note 5) are stated at fair value as determined by the manager, Emory University. Emory University's pooled investments in securities and listed funds are valued using quoted prices in active markets, if available; otherwise, if the market is inactive, fair value is determined by Emory University in accordance with its valuation policies.

Investments in alternative investment fund structures held in the Fund are valued by Emory University using the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, if (a) the underlying investment manager's calculation of NAV is fair value based, and (b) Emory University does not currently have plans to sell the investment for an amount different from NAV.

All other investments are stated at fair value based on quoted market prices. Investment return, including net realized and unrealized gains or losses, is recognized when earned and reported in the consolidated statement of activities.

The values of the investments in the pooled endowment fund determined by Emory University are evaluated by management of the Center who has concluded that such values are reasonable estimates of fair value at August 31, 2023 and 2022.

Investments are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Center's consolidated financial statements.

The Fund may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates. This can have an effect on the reported value of these assets.

The Fund's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk that the issuer of a debt security may be unable to pay interest or repay principal when it is due.

The value of securities held by the Fund may decline in response to certain economic events. Such events impacting valuation may include (but are not limited to) economic changes; market fluctuations; regulatory changes; global and political instability; and currency, interest rate, and commodity price fluctuations.

(i) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or at fair value at the date of donation, in the case of gifts. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

(j) Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Financial Accounting for Leases*, together with its subsequent related amendments in 2018 and 2019, collectively referred to as FASB Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). The Center adopted Topic 842 as of September 1, 2022 (“transition date”) using the modified retrospective approach and as a result did not adjust the comparative period financial information or make the disclosures for periods before the transition date. The Center elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, lease term, and initial direct costs, as well as not to separate nonlease components from lease components and instead account for each as a single lease component for all classes of its assets.

As a result of adopting Topic 842, the Center recognized operating lease right-of-use (ROU) assets and corresponding liabilities of \$767,888 as of September 1, 2022. The adoption of Topic 842 resulted in no material impact to the Center’s statements of activities or cash flows.

Refer to note 8 for further discussion on the Center’s leases.

(k) Artwork

The Center has capitalized works of art and collectibles received since its inception at the estimated fair value at the date of acquisition. Works of art with service potential that diminishes very slowly over time, to the extent that its estimated useful life is extraordinarily long, are not subject to depreciation.

(l) Functional Allocation of Expenses

The costs of providing the Center’s various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Intervention expenses included within the Center’s health program service comprise the distribution of donated medications, primarily Mectizan and Zithromax, as well as filter cloth distribution, epidemiological surveys, and health education training and material. Expenses attributable to more than one functional expense category and the basis for allocation are as follows:

<u>Expense</u>	<u>Allocation basis</u>
Depreciation	Square footage
IT department	Estimates of time and costs of specific technology utilized

(m) Federal and Other Government Grants

The Center receives funding under grants and agreements from the US and other government agencies. These funds are generally considered nonreciprocal transactions and are subject to donor conditions and restrictions which are typically met by incurring qualifying expenses for a program. The Center is entitled to the funds once the conditions have been met.

THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

For the year ended August 31, 2023, and 2022, the Center received £0 GBP (\$0) and £450,000 GBP (\$583,651), respectively, from the United Kingdom Foreign, Commonwealth and Development Office (FCDO) in support of the Center's Citizen Observer Engagement and Advocacy project in the DRC.

For the years ended August 31, 2023, and 2022, the Center received €200,000 Euros (\$209,840) and €200,000 Euros (\$225,464), respectively, from Ireland's Department of Foreign Affairs, Civil Society Fund to support the Promoting and Protecting Women's Right of Access to Information in West Africa.

For the years ended August 31, 2023, and 2022, the Swiss Confederation contributed \$0 and \$121,918, respectively, to support Civil Society Organization engagement in inclusive and credible elections in Tunisia. For the years ended August 31, 2023, and 2022, the Swiss Confederation contributed \$0 and \$200,000, respectively, to support Monitoring Digital Threats on Social Media in Myanmar.

(n) Tax Status

The Center and CCCI have received determination letters from the Internal Revenue Service (IRS) dated December 16, 1991 and March 22, 2007, respectively, each indicating recognition as an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a) of the Code, is subject to federal income tax.

The Center applies FASB ASC Topic 740, *Income Taxes* (ASC 740), which addresses the accounting for uncertainty in income tax positions. It also provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined. There is currently no impact on the consolidated financial statements as a result of ASC 740.

(o) Use of Estimates

The preparation of the consolidated financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of inventory; fair values of investments without readily determinable fair value; and obligations under split-interest agreements. Actual results could differ from those estimates.

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(3) Contributions Receivable

Contributions receivable consist of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
With donor restrictions:		
Endowment	\$ 199,323	199,323
Health	225,508	30,840
Peace	29,286	—
Cross-program	56,234	—
	<u>\$ 510,351</u>	<u>230,163</u>

The anticipated receipts of these receivables are as follows at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 455,508	230,163
One to five years	60,000	—
More than five years	—	—
Less unamortized discount	(5,157)	—
	<u>\$ 510,351</u>	<u>230,163</u>

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions. In the opinion of the Center's management, all contributions receivable recorded at August 31, 2023 and 2022 are deemed fully collectible.

(4) Inventory

Inventory was comprised of Zithromax medication in the amount of \$2,857,738 and \$4,387,783 as of August 31, 2023 and 2022, respectively. Inventory also included Mectizan medication as of August 31, 2023 and 2022 in the amount of \$3,474,173 and \$0, respectively.

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(5) Investments

The Center invests the majority of its investments in a pooled investment fund managed and held in trust by Emory University. The Center's investments also include assets invested for its charitable gift annuities and charitable remainder trusts. These investments are presented in the accompanying consolidated statements of financial position at their fair values.

	Fair value	
	<u>2023</u>	<u>2022</u>
Pooled investments held at Emory University	\$ 1,041,971,736	1,047,539,542
Cash and cash equivalents	151,616	393,138
Fixed-income securities:		
Domestic mutual funds	3,321,592	3,741,181
Government and agency securities	373,772	—
Equities:		
Domestic stocks	7,748,498	7,109,229
Domestic mutual funds	91,000	90,463
	<u>\$ 1,053,658,214</u>	<u>1,058,873,553</u>

As of August 31, 2023, and 2022, respectively, the Center's investment in the pooled investment fund totaled \$1,041,971,736 and \$1,047,539,542, representing approximately 10.46% and 10.70% of the pool at each of these dates. The composition of total pooled investments held at Emory University is as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Short-term investments and cash equivalents	\$ 636,418	388,330
Public equity	3,461,058	3,538,101
Absolute return/fixed income	1,318,519	1,181,574
Private equity/venture capital	3,651,408	3,726,232
Real assets	845,881	949,996
Derivative instruments	49,843	11,695
	<u>\$ 9,963,127</u>	<u>9,795,928</u>

Based on Emory University's investment policy statement, investments classified as public equity include global equity securities and commingled funds – equity, as well as alternative investments pursuing such strategies. Absolute return/fixed income investments are comprised of fixed-income securities and commingled funds – fixed income, along with alternative investments pursuing similar credit or opportunistic strategies. Private equity/venture capital includes investments in the private markets, as well as investments in private securities. Real assets include those investments in natural resources and real estate partnerships.

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Emory University is subject to limitations and restrictions on its ability to redeem or sell certain of the investments included in its pooled investment fund. Such restrictions vary by investment type and range from required notice periods (generally 30 to 180 days after initial lockup periods) to specified terms at inception (generally 10 years).

The Center and Emory University entered into a Memorandum of Understanding (MOU) during September 2020 which sets forth mutual expectations regarding the management by Emory University of the Center's assets held in trust in the pooled investment fund. The MOU provides that the Center is permitted partial withdrawals of up to 10% per year (inclusive of regular spending payouts), with 30 days' written notice prior to a calendar quarter or fiscal year end. A full withdrawal request by the Center requires at least one year's written notice and is subject to a multiyear distribution schedule in line with the duration of the long-term investment portfolio, as agreed upon by both the Center and Emory University.

(6) Property, Plant, and Equipment

The components of property, plant, and equipment at August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Estimated useful lives</u>
Land	\$ 636,732	636,732	N/A
Buildings	17,580,412	17,580,412	30 years
Building improvements	3,451,877	3,123,015	15 years
Grounds and land improvements	385,891	198,243	10 years
Furniture and fixtures	1,481,341	1,233,613	10 years
Office equipment	832,072	741,364	5 years
Computer equipment	498,603	453,290	3 years
	24,866,928	23,966,669	
Less accumulated depreciation	<u>(19,878,015)</u>	<u>(19,043,389)</u>	
	<u>\$ 4,988,913</u>	<u>4,923,280</u>	

Depreciation expense totaled \$834,626 and \$755,972 during 2023 and 2022, respectively.

(7) Split-Interest Agreements

The Center is a beneficiary under several types of split-interest agreements, primarily charitable gift annuities. Under these agreements, the Center acts as trustee of assets received from donors and remits to the donor or other designee a fixed amount for a specified period of time, normally until the death of the donor or other designee. Assets related to charitable gift annuities are recorded at their fair values when received, and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the Center recognizes contribution revenue for the remainder interest in an amount equal to the difference between the fair value of the assets received and the annuity liability. Discount rates and actuarial assumptions used to determine the annuity liability are typically based on factors, such as applicable federal interest rates and life income beneficiary life expectancies, as determined by mortality tables published by the IRS. The changes in the value of these

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agreements are included in operating contributions and grants in the accompanying consolidated statements of activities.

Certain states have restrictions on investment allocations. Management of the Center believes it has complied with any known restrictions in states in which it has received charitable gifts subject to such restrictions.

The fair value of the assets related to split-interest agreements is included in investments in the accompanying consolidated statements of financial position and totaled \$11,686,478 and \$11,334,011 at August 31, 2023 and 2022, respectively. The annuity liability related to these agreements is \$6,249,963 and \$6,204,467 at August 31, 2023 and 2022, respectively. The net contribution revenue (loss) reported for split interest agreements as a component of contributions and grants revenue and support totaled \$306,971 and (\$3,083,801) for the years ended August 31, 2023 and 2022, respectively.

(8) Leases

(Policy applicable beginning September 1, 2022). The Center is a lessee in several noncancellable operating leases, primarily for office space and small equipment. The Center determines if an arrangement contains a lease at contract inception. If an arrangement is determined to contain a lease, the Center recognizes a ROU asset and lease liability at the lease commencement date. The Center's operating leases expire over the next four years. These leases generally contain renewal options for periods negotiable between the parties upon notice to renew. Because the Center is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term, and associated potential option payments are excluded from lease payments. The Center's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus variable payments on some of the office space leases. For office space leases, variable payments include payments for the Center's proportionate share of the building's property taxes, insurance, and common area maintenance. The Center has elected to discount its lease liabilities using its incremental borrowing rate.

The lease term for all of the Center's leases includes the noncancellable period of the lease plus any additional periods covered by the Center's option to extend (or not to terminate) the lease that the Center is reasonably certain to exercise. The Center has elected not to recognize ROU assets and lease liabilities for leases with terms of 12 months or less.

Lease payments included in the measurement of the lease liability are comprised of fixed payments and variable lease payments. Variable lease payments associated with the Center's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments for operating leases are presented as operating expense in the Center's consolidated statements of activities.

Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease, or if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Center cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Center uses the incremental borrowing rate as the discount rate for leases which is adjusted for lease term.

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The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ROU assets for operating leases are periodically reduced by impairment losses. The Center uses the long lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

The Center monitors for events or changes in circumstances that require a reassessment of leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Operating lease cost included in the office and equipment line item on the accompanying consolidated statements of functional expenses were \$1,544,091 and \$1,660,053, respectively, for the years ended August 31, 2023, and 2022.

Amounts reported in the accompanying consolidated statement of financial position as of August 31, 2023 were as follows:

Maturities of lease liabilities under noncancellable leases as of August 31, 2023 are as follows:

	Operating leases
2024	\$ 346,963
2025	250,612
2026	211,971
Thereafter	—
Total undiscounted lease payments	809,546
Less imputed interest	(29,209)
Total lease liabilities	\$ 780,337
Weighted-average remaining lease term- operating leases	2.7 years

Lessor

The Center leases space to various entities under noncancelable operating leases with various terms. The Center leases to CCEU approximately 20% of the Center's space under a lease for a term of 99 years, with a rental payment of \$1 per year. A business agreement with the Center's caterer has no annual rent;

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rather, the Center receives 5% to 10% of the tenant's gross revenue, as defined in such agreement. For operating leases, the lease liability is measured at the present value of the unpaid lease payments at the lease commencement date.

(9) In-Kind Gifts

The components of in-kind gifts, donated goods, and services for the years ended August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Health:		
Medication	\$ 264,420,613	193,380,832
Other	924,006	295,328
	<u>\$ 265,344,619</u>	<u>193,676,160</u>

Donations of medication were received primarily from two pharmaceutical companies for the years ended August 31, 2023 and 2022. These donations are subject to donor imposed restrictions as to location of distribution and were used in the Center's River Blindness and Trachoma programs in sub-Saharan Africa. Such donations are recorded at estimated fair value at the date of the gift. Estimates of fair value are based primarily on analyzing observable market data associated with branded, wholesale and generic pricing; geographic factors considering the U.S. as the most advantageous market; and fair value indicators provided by donors, if any.

All gifts in-kind are utilized in the year of receipt with the exception relating to the balance of medical inventory disclosed in note 4.

(10) Fair Value of Financial Instruments

The Center's estimates of fair value for financial assets and liabilities are based on the framework established in ASC Topic 820, *Fair Value Measurement*. This framework is based on the inputs used in valuations and gives the highest priority to quoted prices in active markets and requires observable inputs to be used in the valuations when available. The disclosure of fair value estimates in the hierarchy described below is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Center's significant market assumptions. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable; examples include quoted prices in active markets of the underlying assets, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in an inactive market, or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

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Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities.

The fair value hierarchy requires the use of observable market data when available. As required by ASC Topic 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements.

Contributions receivable for current year gifts are initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a rate commensurate with risks involved, which is an application of the income approach. At August 31, 2023 and 2022 there were \$280,188 and \$0 current year gifts included in contributions receivable.

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and deferred revenue approximates fair value because of the relative terms and short maturity of these financial instruments. The carrying value of annuity obligations approximates fair value and is based on the present value of the estimated future cash flows.

NAV was used as a practical expedient estimate of fair value relative to the Center's interest in the Emory University pooled endowment fund. NAV, in many instances, may not equal fair value that would be determined pursuant to ASC Topic 820. There are no redemption restrictions on the Center with respect to its pooled investments held at Emory University. Investments that are valued using the practical expedient, as described above, are labeled as NAV and are not categorized within the fair value hierarchy. The Center does not hold any investments that would be categorized as Level 3 investments as of August 31, 2023 and 2022, respectively.

The following table summarizes the valuation of the Center's financial instruments, which are recorded at fair value by the ASC Topic 820 fair value hierarchy levels as of August 31, 2023:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 74,268,838	—	74,268,838
Fixed-income securities:			
Domestic mutual funds	3,321,592	—	3,321,592
Government and agency securities	373,772	—	373,772
Equities:			
Domestic stocks	7,748,498	—	7,748,498
Domestic mutual funds	91,000	—	91,000
Interest in Emory University pooled endowment fund	—	1,041,971,736	1,041,971,736
Total	\$ <u>85,803,700</u>	<u>1,041,971,736</u>	<u>1,127,775,436</u>

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The following table summarizes the valuation of the Center's financial instruments, which are recorded at fair value by the ASC Topic 820 fair value hierarchy levels as of August 31, 2022:

	Level 1	NAV	Total
Assets:			
Cash and cash equivalents	\$ 75,845,672	—	75,845,672
Fixed-income securities:			
Domestic mutual funds	3,741,181	—	3,741,181
Equities:			
Domestic stocks	7,109,229	—	7,109,229
Domestic mutual funds	90,463	—	90,463
Interest in Emory University pooled endowment fund	—	1,047,539,542	1,047,539,542
Total	\$ 86,786,545	1,047,539,542	1,134,326,087

(11) Net Assets

(a) Net Assets without Donor Restrictions

As of August 31, 2023 and 2022, net assets without donor restrictions are as follows:

	2023	2022
Undesignated	\$ 46,078,889	46,466,338
Board-designated for:		
Endowment investment, subject to spending policy and appropriation	375,218,860	377,024,986
	\$ 421,297,749	423,491,324

Net assets without donor restrictions include funds internally designated for endowment investment and program funding. These amounts are classified as net assets without donor restrictions due to the lack of explicit donor stipulations that restrict their use. Unrealized gains or losses on internally designated endowment funds are classified as changes in net assets without restrictions.

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(b) Net Assets with Donor Restrictions

As of August 31, 2023 and 2022, net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Donor-restricted for specified purposes:		
Health	\$ 13,123,730	7,289,000
Peace	1,083,808	612,543
Cross-program	<u>23,890,162</u>	<u>23,507,730</u>
	<u>38,097,700</u>	<u>31,409,273</u>
Donor-restricted endowments subject to spending policy and appropriation, to support the following purposes:		
Health	20,365,281	20,496,911
Peace	2,884,735	2,917,276
Cross-program	3,748,662	2,776,147
General activities	<u>648,021,129</u>	<u>652,056,068</u>
	<u>675,019,807</u>	<u>678,246,402</u>
	<u>\$ 713,117,507</u>	<u>709,655,675</u>

Of the donor-restricted endowment net assets noted above, \$166.0 million and \$165.2 million as of August 31, 2023 and 2022, respectively, represent donor-restricted endowment corpus. The remaining \$509.0 million and \$513.0 million as of August 31, 2023 and 2022, respectively, represent appreciation and reinvested earnings related to the donor-restricted corpus but for which the Center's management and board have full discretion to use within the donor-stipulated purpose, if any, as noted above.

(12) Endowment Funds

The Center's endowment funds consist of individual donor-restricted endowment funds and funds designated by the Board to function as endowments. The net assets associated with endowment funds, including those funds designated by the Board to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Georgia, as providing, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, spending from an endowment without regard to the book value of the corpus of the fund. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center.

The Center invests its endowment assets in a pooled investment fund managed by Emory University. The Board follows the investment return objectives and the spending policy, as directed and managed by Emory University's board of trustees, as set forth in more detail below.

(b) Return Objectives and Risk Parameters

The Center supports Emory University's investment and spending policies, the objective of which is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this investment policy, as approved by Emory University's board of trustees, the endowment assets are invested within risk tolerances of Emory University to provide an expected total return in excess of spending and inflation over the long term.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term return objectives, the Center relies on Emory University's total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Emory University employs a diversified asset allocation strategy across public equity, absolute return/fixed income, private equity/venture capital, real assets, and derivative instruments to achieve its long-term return objectives within a prudent risk framework.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center follows Emory University's total return endowment spending policy that establishes the maximum amount of endowment investment return available to support current operating and capital needs. The Center considered the expected return on its endowment, including the effect of inflation in setting the annual appropriation amount. Accordingly, the Center expects the current spending policy to allow its endowment to maintain its purchasing power if projected growth rates are achieved. Additional real growth will be provided by new gifts and any excess investment return.

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Endowment funds consist of the following as of August 31, 2023:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	675,019,807	675,019,807
Board-designated endowment funds	<u>375,218,860</u>	<u>—</u>	<u>375,218,860</u>
Total funds	\$ <u>375,218,860</u>	<u>675,019,807</u>	<u>1,050,238,667</u>

Endowment funds consist of the following as of August 31, 2022:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	678,246,402	678,246,402
Board-designated endowment funds	<u>377,024,986</u>	<u>—</u>	<u>377,024,986</u>
Total funds	\$ <u>377,024,986</u>	<u>678,246,402</u>	<u>1,055,271,388</u>

There were no underwater endowment funds during the years ended August 31, 2023 or 2022.

Changes in endowment funds for the year ended August 31, 2023, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment funds, August 31, 2022	\$ 377,024,986	678,246,402	1,055,271,388
Contributions	61,496	761,913	823,409
Investment return:			
Endowment fund earnings	13,668,196	24,094,217	37,762,413
Appreciation of endowment investments, net	<u>(1,867,622)</u>	<u>(3,988,508)</u>	<u>(5,856,130)</u>
Total investment return	11,800,574	20,105,709	31,906,283
Appropriation of endowment assets for expenditure	<u>(13,668,196)</u>	<u>(24,094,217)</u>	<u>(37,762,413)</u>
Endowment funds, August 31, 2023	\$ <u>375,218,860</u>	<u>675,019,807</u>	<u>1,050,238,667</u>

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Changes in endowment funds for the year ended August 31, 2022, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment funds, August 31, 2021	\$ 420,522,974	753,754,366	1,174,277,340
Contributions	689,203	309,185	998,388
Investment return:			
Endowment fund earnings	13,180,421	23,230,237	36,410,658
Appreciation of endowment investments, net	<u>(44,187,191)</u>	<u>(75,817,149)</u>	<u>(120,004,340)</u>
Total investment return	(31,006,770)	(52,586,912)	(83,593,682)
Appropriation of endowment assets for expenditure	<u>(13,180,421)</u>	<u>(23,230,237)</u>	<u>(36,410,658)</u>
Endowment funds, August 31, 2022	\$ <u>377,024,986</u>	<u>678,246,402</u>	<u>1,055,271,388</u>

(13) Liquidity and Availability of Financial Assets

The Center's financial assets available for general expenditure within one year of August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 1,160,096,141	1,155,395,889
Less:		
Net assets with donor restrictions for specified purpose, net of inventory	(31,765,789)	(27,021,490)
Donor-restricted and board-designated endowment funds	(1,050,238,667)	(1,055,271,388)
Inventory	(6,331,911)	(4,387,783)
Property, plant, and equipment	(4,988,913)	(4,923,280)
Artwork	(2,436,465)	(2,435,365)
Other assets	(401,565)	(33,286)
Deferred revenue	(7,300,146)	(6,111,603)
Annuity obligations	<u>(6,249,963)</u>	<u>(6,204,467)</u>
	\$ <u>50,382,722</u>	<u>49,007,227</u>

The primary sources of liquidity for the Center are cash accounts at headquarters and in the field. The Center structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity needs, the Center's board of trustees may turn to the portion of the Center's endowment classified as without donor restrictions for consideration.

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(14) Related-Party Transactions

Emory University provides certain administrative functions to the Center, including, but not limited to, payroll administration, investment management, information technology, and legal services. The Center paid Emory University \$690,156 during both the years ended August 31, 2023 and 2022, respectively, for the provision of these services.

Emory University made unrestricted contributions to the Center of \$805,075 and \$779,989, respectively, for the years ended August 31, 2023 and 2022. In addition, CCEU made unrestricted contributions to CCI, primarily related to endowment earnings at CCEU, of \$500,390 and \$484,791 for the years ended August 31, 2023 and 2022, respectively.

(15) The Carter Center Collaborative, Inc. (CCCI)

CCCI received donations of in-kind goods for the benefit of the Center totaling \$264,420,613 and \$193,380,832 for the years ended August 31, 2023 and 2022, respectively, that are included in the accompanying consolidated statements of activities. Expenses totaling \$262,329,014 and \$189,901,562 related to the use or grant of these donations are also included in the accompanying consolidated statements of activities for the years ended August 31, 2023 and 2022, respectively. Inventory related to these goods for CCCI totaled \$6,331,911 and \$4,387,783 as of August 31, 2023 and 2022, respectively, and is included in the accompanying consolidated statements of financial position.

(16) Commitments and Contingencies

Federal Financial Assistance

Federally funded programs are routinely subject to special audits that could result in claims against the resources of the Center. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of the Center.

(17) Subsequent Events

The Center has evaluated subsequent events from the consolidated statement of financial position date through April 2, 2024, the date on which the consolidated financial statements were available to be issued and determined that there are none requiring adjustment or disclosure in the accompanying consolidated financial statements and related footnotes.